

A-Team

The *A Team* consists of three different organizational actors who share a common frame, UNFETTERED MARKETS, and act as a team: the International Monetary Fund (IMF), the World Bank, and the U.S. Treasury Department.

The World Bank (i.e., the International Bank for Reconstruction and Development). The Bank joined the *A Team* in the early 1980s. Some date the shift from 1982 when Hollis Chenery, chief economist under Robert McNamara, was replaced by Anne Krueger. The original mission of the World Bank was to eradicate poverty, not by providing humanitarian assistance but by enabling countries to grow and to stand on their own. It lends money to finance economic development projects. Its motto is: "Our dream is a world without poverty."

The IMF (i.e., the International Monetary Fund). The mission of the IMF is to promote monetary stability and its loans are intended to stabilize a country's economy. It sees itself, in part, as providing members "with the opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national and international prosperity" (from Article I, Section V of the Articles of Agreement). More informally, they grant loans so that a country does not default on its debt. With resources of over \$300 billion, the IMF is arguably the most powerful of all international institutions.

The U.S. Treasury Department is a branch of the U.S. executive branch of government, headed by a cabinet officer, the Secretary of the Treasury, appointed by the President. Presidents generally draw their Treasury Secretaries from the banking and financial community. The Treasury Department is the crucial link between any given administration and the community of investors -- its primary constituency. On internal debates within the U.S. administration, globalization issues are part of Treasury's turf and it guards it jealously.

Although the missions of the IMF and the World Bank are different on paper, they have become intertwined in practice. The mechanism that made the World Bank part of the *A-Team* was its adoption of IMF conditions on most of its loans. These conditions become embodied in Structural Adjustment Programs (SAPs) that a borrowing country agrees to carry out. For details on the content of these programs and their pros and cons, see **Structural Adjustment Programs** in the **Resource Kit**.

The Bank delegates to the IMF the assessment of whether borrowing countries are meeting the conditions. This means that the approval of most loan disbursements by the World Bank have had to receive the approval of the IMF and the IMF has responsibility for an aspect of the Bank's imposition of sanctions for non-compliance.

Finance ministers and central bank governors sit around the table at the IMF making decisions. Overall IMF policies are set by a Board of Governors. Day-to-day operating decisions are delegated to a 24 member Executive Board. The IMF is funded through the financial contributions of its member countries in the form of "quotas," with voting power basically determined by these quotas. For more specific details on **IMF Governance**, see the **Resource Kit**.

Frame

UNFETTERED MARKETS Frame (see **Globalization Frames** in **Resource Kit**)

Access Rules

The following teams have automatic access: **Chic Duds International (CDI)**, **Government of Fabrikistan**, **Progressive Caucus**. You can choose whether or not to meet with any other teams.

Success Indicators

Investor Confidence (IC). This begins at 100 and is raised by actions that reassure investors or creditors on the likely repayment of their outstanding loans. It is lowered by actions that alarm investors or creditors on the likely repayment of their outstanding loans.

Northern Elite Political Support (NEPS). This begins at 100 and is raised by actions that raise support for the *A Team* and its policies among domestic elites. It is lowered by actions that decrease support for the *A Team* and its policies among domestic elites.

Northern Popular Support (NPS). This begins at 100 and is raised by actions that raise support for the *A Team* and its policies among the general population. It is lowered by actions that decrease support for the *A Team* and its policies among the general population.

$$\text{Overall Success} = (2IC + 2NEPS + NPS) / 5.$$

Recommended to read and print out from Resource Kit:

You should make hard copies of the following parts of the Resource Kit to read ahead of time or to bring with you to the game sessions:

- *** Glossary of Technical Terms
- *** UNFETTERED MARKETS Frame in Globalization Frames.
- *** A-Team Special Programs: SDRM
- *** SAPs (Structural Adjustment Programs).
- *** International Labor Organization (ILO) Fundamental Conventions.
- *** WHO (World Health Organization)

Notes and References:

Although the World Bank and the IMF work closely together as a team, the two organizations have different cultures. From O'Brien et al (2000, p. 192):

“In contrast to the Bank, the Fund has had little division on the inside and porosity toward the outside. The institution has sooner resembled a ‘family business’. . . In management style, the Fund has maintained tight central direction and rigorous internal discipline. [Reporting from interviews with the author] Before leaving the door, any IMF program must have the approval of the Policy Development and Review department, jokingly – but also evocatively – described within the organization as ‘the thought police’ and ‘the keepers of the theology’.” (p. 192)

From Deepak Nayyar (2003), discussing IMF governance:

"Its operations and programs are shrouded in secrecy. The absence of public scrutiny means that there are almost no checks and balances. It is high time that the IMF practices what it preaches about transparency. This calls for a disclosure of information and an independent evaluation of operations. The accountability of the IMF is limited, at best, to finance ministries and central banks which, in turn, have close connections with the financial community."

From David Henderson in Krueger (1998, p. 106):

"[The IMF] has powerful friends in national capitals, since the ministers and officials who deal with it, and feel responsible for it, all come from ministries of finance and central banks. For them, the Fund is their agency: its attitudes and beliefs, its institutional and professional concerns, are theirs."

Social justice issues are not prominent in the culture of either organization. Issues of social justice may interest many staff members at the World Bank, but in the culture of the Bank they get labeled as "value-laden and subjective" (O'Brien et al, 2000, p. 72), a definite put-down in this context.

From Kenneth Dam (2001). Dam is an inside member of the real life *A Team*, a protégé of George Schultz. He served in the Nixon Administration (as Executive Director of the US Council on Economic Policy), with Schultz in the Reagan Administration as a deputy secretary of State, and as deputy secretary of Treasury in the first George Bush Administration. He is a lawyer with a specialization in economic policy. His book focuses on the political environment in which economic policy decisions are made.

Some useful quotes:

"The financial community [is] in fact the [U.S.] Treasury's principal private sector constituency, and the Treasury, as previously noted, [has] something of a monopoly in this policy area. . . . As a result, the main discussion was out of public view, between the financial community and the Treasury, on the one hand, and the Treasury and the IMF, on the other." (p. 223)

He goes on to describe the testimony of Thomas C. Dawson at a 1998 hearing before the House Committee on Banking and Financial Services. At the time of the hearing, Dawson was an executive at Merrill Lynch and had previously worked for the U.S. Treasury Department and was the designated executive director of the IMF. Less than a year after testifying, Dawson was appointed head of external relations for the IMF. Dams quotes him as telling the Congressional Committee: "I believe that many, if not most, critics of the IMF overlook the fact that the IMF has responded consistently, some might say too much so, to U.S. leadership."

Dams also quotes an article from the Institutional Investor on how the financial community uses the U.S. Treasury Department to pressure the IMF into decisions favorable to investors: "And the at-times-too-cozy relationship between the U.S. Treasury, the International Monetary Fund, and Wall Street -- in which Treasury works to 'make the world safe for risk,' in the words of Treasury undersecretary for international affairs Timothy Geithner -- is under attack like never before."

From Stiglitz (2002, p 80):

“The IMF and World Bank are part of Treasury's turf, an arena in which, with few exceptions, they were allowed to pursue their perspectives.”

References:

Buira, Ariel. 2002. “The Governance of the International Monetary Fund,” in Inge Kaul et al (eds), *Providing Global Public Goods*. Oxford University Press.

Dam, Kenneth W. 2001. *The Rules of the Global Game* Chicago: University of Chicago Press.

Krueger, Anne O. (ed) 1998. *The WTO as an International Organization*. Chicago: University of Chicago Press.

Nayyar, Deepak. 2003. “New Roles and Functions for the UN and the Bretton Woods Institutions,” UNU/WIDER (www.wider.unu.edu/publications).

O’Brien, Robert, Anne Marie Goetz, Jan Aart Scholte, and Marc Williams. 2000. *Contesting Global Governance*. Cambridge: Cambridge University Press.

Stiglitz, Joseph. 2002. *Globalization and Its Discontents*. New York: Norton.

A-Team Action Options

The following action options are available to the A-Team and they may adopt as many as they choose or none at all.

Options regarding health and safety in factories (check all that apply):

- ☐ Ia. No action on safety issues since the government of Fabrikistan has not violated any loan conditions.
- ☐ Ib. Require the government of Fabrikistan to sign the ILO's Occupational Safety and Health Convention.
- ☐ Ic. Request that the WHO establish a specific set of Minimum Health and Safety Standards for Factories.
- ☐ Id. Require that the government of Fabrikistan observe all of the WHO Minimum Health and Safety Standards for Factories as a condition for receiving approval on all future loans.

II. Options regarding support of proposed legislation (check all that apply):

- ☐ IIa. Support Sense of Congress Resolution.
- ☐ IIb. Support Congressional bill for conditional trade embargo against Fabrikistan.
- ☐ IIc. Support Congressional bill prohibiting import of apparel from factories that fail to observe ILO Fundamental Conventions.

III. Options regarding debt rescheduling:

- ☐ IIIa. Reject the claim of unsustainable debt.
- ☐ IIIb. Accept the claim to re-schedule loan payments subject to the following conditions:
 - ☐ IIIc. Unconditionally.
 - ☐ IIId. The government must raise taxes by 20%.
 - ☐ IIIe. The government must remove current subsidies for basic foods.
 - ☐ IIIf. The government must observe the ILO Fundamental Conventions.
 - ☐ IIIg. Other conditions (specify) _____

IV. Options if the government of Fabrikistan defaults on its loan payments:

- ☐ IVa. Ignore it and maybe they will pay next time.
- ☐ IVb. Stop all future loans to Fabrikistan.¹
- ☐ IVc. Cut off day-to-day credits from banks and other private businesses, destroying the possibility of normal trade relations with other countries.

☐ V. Other (specify)² _____

¹ In effect, by informal but not official arrangement, other lenders – private financial institutions, individual governments, and intergovernmental organizations – follow the lead of the A-Team and will also refuse to lend.

² You should check with the game coordinator who will rule whether such an action would be possible in the real world.

A-Team Press Release

(This should be written on the assumption that the details of the scenario itself are already known and have been reported earlier. You should focus on the actions you have taken during Phase Three that you wish to publicize – and, if relevant, possible action that you might have taken and did not. You should emphasize those actions of your own and of others that you hope will raise your relevant success indicators.)

A-Team Broadcast Rating Form

The A-Team monitors WUSA and the EuroPress but ignores the Liberation Press and Voice of Islam (VOI).

WUSA

Notes on coverage:

1. Were the actions of the A-Team covered fully and fairly from your standpoint?

_____ a. Yes. Coverage was pretty much the way we would have presented it ourselves.

_____ b. Mixed yes and no. Coverage of some of our actions was good but there were significant omissions and/or inclusion of distracting and irrelevant material.

_____ c. No, coverage missed important aspects of our actions and/or distorted other aspects.
2. To what extent would international investors be reassured or alarmed by the coverage?

_____ a. Mostly reassured.

_____ b. Mixed.

_____ c. Mostly alarmed.
3. To what extent did coverage aid the cause of groups who want to place additional conditions or restrictions on international trade?

_____ a. Not at all.

_____ b. Mixed, with some parts of it implying the need for greater protection of U.S. industries.

_____ c. Quite a bit, leaving the general impression that free trade arrangements hurt many Americans.

(A-Team Broadcast Rating Form continued)
EuroPress

Notes on coverage:

1. Were the actions of the A-Team covered fully and fairly from your standpoint?

_____ a. Yes. Coverage was pretty much the way we would have presented it ourselves.

_____ b. Mixed yes and no. Coverage of some of our actions was good but there were significant omissions and/or inclusion of distracting and irrelevant material.

_____ c. No, coverage missed important aspects of our actions and/or distorted other aspects.
2. To what extent would international investors be reassured or alarmed by the coverage?

_____ a. Mostly reassured.

_____ b. Mixed.

_____ c. Mostly alarmed.
3. To what extent did coverage aid the cause of groups who want to place additional conditions or restrictions on international trade?

_____ a. Not at all.

_____ b. Mixed, with some parts of it implying the need for greater protection of U.S. industries.

_____ c. Quite a bit, leaving the general impression that A-Team actions favor the interests of U.S. industries and companies at the expense of European industries and companies.